

# Determinants of Entrepreneurship Development among Members of Cooperative Societies in Anambra State, Nigeria

Anigbogu, Theresa Ukamaka (Ph.D), Ezeabikwa, Anurika Joan

Department of Cooperative Economics and Management, Nnamdi Azikiwe University (NAU), Awka, Nigeria

## ABSTRACT

This study examined determinants of entrepreneurship development among members of cooperative societies in Anambra State, Nigeria. The study specifically examined the influence of financial intermediation, business culture, extension services and cooperative membership on business growth among members of cooperative societies in Anambra State. The study was a descriptive survey on sample 261 respondent using a structured questionnaire. The data collected were analyzed using frequency table, simple percentages and regression technique of the Ordinary Least Square (OLS). Findings revealed that financial intermediation, business culture, extension services and cooperative membership have significant influence on business growth among members of cooperative societies in Anambra State. Based on the findings, the study recommends that the government and donor agencies should use the cooperative as platform for entrepreneurship development by extending financial intermediation to cooperative members. This is because it has significant influence on business growth among members of cooperative societies in Anambra State. The cooperative should imbibe business culture in their societies because it defines the corporate image and enhances the internal democracy of the society. Extension agents should be encouraged by the agencies regulating cooperative to be proactive because their activities have significant influence on business growth among members of cooperative societies in Anambra State. Membership of cooperative should be touted and encouraged among non-members to enable them benefit from entrepreneurial knowledge and skills (entrepreneurial behaviour, dynamics of business, and its development and expansion) via structured training programmes on the platform of cooperative.

**KEYWORDS:** *Entrepreneurship Development, Cooperative Societies, Financial Intermediation, Business Culture, Extension Services, Cooperative Membership*

## 1. INTRODUCTION

Most of the advanced and emerging economies have relied on entrepreneurship development as a strategy for sustainable growth. This is because, it involves the development of private enterprises which arguably serve as a catalyst for employment generation and poverty reduction as it introduces divers innovative activities that engenders growth. Entrepreneurship is an innovative process that is rewarding to both the innovators and the society. It shows the ability of an individual or a group of individuals to create or

discover an opportunity and utilize it to the benefit of the society. It also shows the willingness and ability of an individual to seek out investment opportunities in an environment, and be able to establish and run an enterprise successfully based on the identified opportunities (Omoruyi, Olamide, Gomolemo & Donath, 2017). Extant literature have also described entrepreneurship as the process of creating something new with value by devoting the necessary time and efforts, assuming the accompanying financial social

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risks at the end receiving resulting reward. Corroborating the above description of entrepreneurship (Teru, 2015) posits that entrepreneurship entails the act of risk, innovation, arbitrage and co-ordination of factors of production in the creation of new product or services for new and existing users in human society.

In Nigeria, entrepreneurship development became a topical issue because of the rising unemployment and soaring poverty incidence pervading the economy. It therefore became imminent that proactive measures be taking to address the economic anomaly and entrepreneurship development became imperative. Plausibly, entrepreneurship development involves imbibing and inculcating entrepreneurial knowledge and skills (entrepreneurial behaviour, dynamics of business, and its development and expansion) via structured training programmes. This study investigates the factors that determines entrepreneurship development in the cooperative business model. Today, emerging new businesses are set up on various business models including the cooperative model. For several years, entrepreneurship and co-operative enterprises have operated across the world. Based on their great influence and tolerability for job and wealth creation, both continue to grow in most sectors, including consumer, banking, agriculture and service provision, not to mention sport and culture. They remain an economic and social reality wherever they function as profit or non-profit organizations. Far from having passed their self-by period, cooperatives are responding to the needs and demands of the market. Furthermore, they are also meeting the new and unsatisfied requirements of the people (Skurnik, 2012). Therefore, considering the rising unemployment and soaring poverty incidence pervading the Nigeria economy and the need to use cooperative as a veritable platform for alleviating poverty and reducing the rising unemployment in the country. This study seeks to ascertain the various factors that enhances entrepreneurship development in cooperative business model. Co-operatives societies are organizations based on democracy, and parity. This business framework has a worldwide record in assisting members become self-sufficient and achieving more equitable distribution of the gains from its business operations (Ato, 2018).

Anigbogu, Agbasi and Okoli (2017) posited that members of cooperative get a strong bargaining power for loans and other services; a favourable atmosphere for a more effective government aid scheme; improved marketing opportunities for members; provision of services for members at highly

reduced costs; mobilization of funds for farm business; improved dissemination of extension services through the group approach; self-reliance and motivation for members; increased access to improved skills, exchange of ideas and educational opportunities through adult education and literacy programmes; and creation of avenues for members democracy and assume collective responsibility. Cooperative is therefore seen as an entrepreneurship development process of improving the skill set as well as the knowledge of the entrepreneurs. The cooperative model of business has been regarded as one sure way to address the problem of financial intermediation, business culture, extension services and cooperative membership. However, it is not certain if these variables help in developing an entrepreneur. Although, it has been contended that the variables influence the survival entrepreneurial activity particularly among cooperatives. This study is imperative because of its potential for addressing the inevitable consequences of rising unemployment and poverty reduction. With the present precarious economic situation of the country and the need to seek a lasting solution to Nigeria's teething problem of poverty and unemployment through entrepreneurship development and considering the unique and important role of cooperative in alleviating poverty and business development, it becomes imperative to empirically measure the influence of cooperative membership on entrepreneurship development. The experiences of developed economies in relation to the roles played by cooperatives entrepreneurship buttresses the fact that the importance of cooperative in entrepreneurship development cannot be overemphasized especially among the developing countries (Oluremi & Gbeng, 2011). Emerging of new business could be determined by certain factors like financial intermediation, business culture, extension services and cooperative membership in the case of cooperative business model. These variables arguably influence the survival entrepreneurial activity particularly among cooperatives. However, these factors will be investigated to ascertain how they can influence entrepreneurship development in this study. In order to highlight its significance in relation to the growth and development of the Nigerian economy and Anambra State in particular, it is important to carry out an empirical investigation. This is because entrepreneurship activities have been found to be capable of making positive impacts on the economy of a nation and the quality of life of the people. In line with the foregoing, it is therefore imperative to empirically examine the determinants of

entrepreneurship development among members of cooperative societies in Anambra State, Nigeria.

### **Objectives of the Study**

The general objective of this study is to examine the determinants of entrepreneurship development among members of cooperative societies in Anambra State, Nigeria. The Specific objectives of the study are to:

- i. Ascertain the extent to which financial intermediation has influenced business growth among members of cooperative societies in Anambra State.
- ii. Determine the extent to which business culture has influenced business growth among members of cooperative societies in Anambra State.
- iii. Examine the extent to which extension services has influenced business growth among members of cooperative societies in Anambra State.
- iv. Ascertain the extent to which cooperative membership has influenced business growth among members of cooperative societies in Anambra State.

### **Research Hypotheses**

The following null hypotheses guided the study:

Ho<sub>1</sub>: Financial intermediation had no significant influence on business growth among members of cooperative societies in Anambra State.

Ho<sub>2</sub>: Business culture had no significant influence on business growth among members of cooperative societies in Anambra State.

Ho<sub>3</sub>: Extension services have no significant influence on business growth among members of cooperative societies in Anambra State.

Ho<sub>4</sub>: Cooperative membership had no significant influence on business growth among members of cooperative societies in Anambra State.

## **2. METHODOLOGY**

### **Research Design**

This study adopts a descriptive survey research design that involves asking questions, collecting and analyzing data from a supposedly representative members of the population at a single point in time with a view to determine the current situation of that population with respect to one or more variable under investigation (Okeke, Olise & Eze, 2008). Descriptive survey research design can be quantitative or qualitative, but this study is quantitative in nature. According to Micheal, Oparaku and Oparaku (2012), in a quantitative survey research design, the

researcher's aim is to determine the relationship between the independent variables and dependent variable in a population. Quantitative research design is either descriptive (variables usually measured once) or experimental (variables measured before and after a treatment). The questions asked are to elicit responses that will answer the research questions and address the objectives of the research.

### **Area of Study**

The study was carried out in Anambra. The state is significant to this study because they are major economic hubs in Nigeria with respect to entrepreneurial activities. They have businesses in their numbers scattered all over the markets as a result of the increasing demand for goods and rising population of people that operate in the industry. Some of the major markets include: Nkwo market Nnewi and Onitsha. The inhabitants of the state are predominantly traders who are into various kinds of economic activities like importation, manufacturing, distribution, sales/services of various kinds of goods and services including assembly and distribution of motorbikes and spare-parts in Nigeria.

### **Population of the Study**

The population of the study will consist of all the members of cooperative societies in anambra state which include Onitsha North, Onitsha south, Oyi, Ogbaru, Agbaru East, Anambra West, and Ayamelum for Anambra North, Ihiala, Nnewi North, Nnewi south, Orumba South, Orumba North, Aguata and Ekwusigo for Anambra South, Anaocha, Dunukofia, Njikoka, Idemili South, Idemili North, Awka North and Awka south for Anambra Central.

### **Sample Size determination and Sampling Technique**

The population of the study consist of members of cooperatives in Anambra state. Judgmental sampling was used to determine the population of the study. Judgmental sampling is a non probability sampling that makes use of typical cases among the population to be studied, which the researcher believes will provide him or her with the necessary data needed (Michael, Des-Oparaku & Oparaku (2012). This study focuses on both agricultural and nonagricultural cooperative. Therefore, the population of this study was selected from the three senatorial zones of the state. A random selection was used in selecting two local governments each (Anambra East L.G.A, Anambra West L.G.A.; Orumba North L.G.A, Orumba South L.G.A., Awka North and Idemili South L.G.A.) from the senatorial zones after which five cooperative societies from each of the local government were selected making a total of thirty cooperative societies with a membership strength of 471.

**Sample Size and Sampling Procedure**

The sample size for the study was obtained using Taro Yamane formula. The formula is stated thus:

$$n = \frac{N}{1+N(e)^2}$$

Where:

- n = sample size
- N = population
- e = Margin of error (5% or 0.05)
- I = Constant

Substituting in the above formula:

$$n = \frac{471}{1+471(0.05)^2}$$

$$= \frac{471}{1+471(0.0025)}$$

$$= \frac{471}{2.1775}$$

$$= 216.3$$

$$= 216$$

**Source of Data**

The researcher explored mainly the primary data. The primary data will be obtained from members of cooperatives in Anambra state using a structured questionnaire instrument. Secondary sources of literature for the study were obtained from existing literature in the field of study which were available to the researcher; they are: journals, internet materials, unpublished write-ups etc.

**Data Collection Instrument**

The instrument that will be used for the data collections the questionnaire which will be designed to be administered to members of cooperatives in Anambra state. The questionnaire will be titled determinants of entrepreneurship development among members of cooperative societies in Anambra State. The questionnaire has two sections. Section A and Section B. Section A sought information on demographic profile of the respondents. Section B is made up of items designed to elicit information relating to the determinants of entrepreneurship

development among members of cooperative societies in Anambra State. Using a close ended questions and a five (5) point likert summative scale question of Very Great Extent (VGE) 5 points; Great Extent (GE) 4 points; Undecided (U) 3 points; Some Extent (SE) 2 points; and No Extent (NE) 1 point.

**Method of Data Analysis**

Data collected will be analyzed using descriptive statistics (frequencies, percentages, mean, and standard deviation) and the inferential statistics such as t-test statistics and the linear regression model. The demographic profiles will be processed using descriptive statistics. Thereafter, the objectives will be processed using descriptive statistics (like percentages, mean and standard deviation) and the regression model of the Ordinary Least Square (OLS). T-test and F-test statistics will use to test the research hypotheses of the study and the overall fitness of the model. All the analyses will be done using SPSS version 23. Linear regression model of the Ordinary Least Square (OLS) approach will be used to analyse the objectives in order to ascertain the influence and also determine the relationship between the independent variables and dependent variable in the conceptualized model of the study. Thus, the model of this study, is stated as follows:

*The functional forms of the model is stated below*

Implicit Model

$$ED = f(FI, BC, ES, CM)$$

.....  
eq(1)

*The explicit form of the model is*

$$ED = \beta_0 + \beta_1 FI + \beta_2 BC + \beta_3 ES + \beta_4 CM$$

.....  
eq(2)

The double log form of the model is specified thus:

$$\log ED = \beta_0 + \beta_1 \log FI + \beta_2 \log BC + \beta_3 \log ES + \beta_4 \log CM$$

.....eq(3)

*The econometric form of the model is*

$$\log ED = \beta_0 + \beta_1 \log FI + \beta_2 \log BC + \beta_3 \log ES + \beta_4 \log CM + \alpha_i$$

..... eq(4)

Where; ED = Entrepreneurship Development proxied by number of years of existence

FI = Financial Intermediation

BC = Business Culture

ES = Extension Services

CM = Cooperative Membership

$\beta_0$  = Intercept of the model

$\beta_1 - \beta_4$  = Parameters of the model

$\alpha_i$  = Stochastic error term

### 3. PRESENTATION OF EMPIRICAL RESULT

This chapter deals with the presentation and analysis of data collected from the field of study. The aim is to present the data in an interpretable form so that the variables of the study can be well understood.

#### Demographic Profile of the Respondents

**Table 1: Distribution of Respondents According to Gender**

Variable	Frequency	Percent (%)	Cumulative (%)
Male	151	69.9	69.9
Female	65	30.1	100
Total	216	100	

#### Field Survey, 2021

Table 1 shows that 69.9% respondents are males while 30.1% of the respondents are females.

**Table 2: Distribution of Respondents According to Age**

Variable	Frequency	Percent (%)	Cumulative (%)
18-32	4	1.9	1.9
31-40	26	12.0	13.9
41-50	80	30.0	43.9
51-60	88	40.7	84.6
61-70	18	8.4	100.0
Total	216	100.0	

#### Field Survey, 2021

As shown in table 2, 1.9% of the respondents are between the ages of 18-32. 12.0% of the respondents, are between the ages of 31-40. 30.0% of the respondents, are between the ages of 41-50. 40.7% of the respondents, between the ages of 51-60, while 8.4% of the respondents, are between the ages of 61-70.

**Table 3: Distribution of Respondents According to Educational Qualification**

Variable	Frequency	Percent (%)	Cumulative (%)
Primary	11	5.1	5.1
Secondary	157	72.7	77.8
Tertiary	48	22.8	100.0
Total	216	100.0	

#### Field Survey, 2021

From table 3, all the respondents had formal education. 5.1% of the respondents had primary education. 72.7% had secondary education while 22.8% had tertiary education.

**Table 4: Distribution of Respondents According to Years of Cooperative Experience**

Variable	Frequency	Percent (%)	Cumulative (%)
1-5	26	12.0	12.0
6-10	31	14.3	26.3
11-15	78	36.1	62.4
15-30	81	37.6	100.0
Total	216	100.0	

#### Field Survey, 2021

With respect to years of cooperative experience, table 4 reveals that 12.0% of the respondents had 1-5years cooperative experience. 14.3% of the respondents had 6-10years cooperative experience. 36.1% of the respondents had 11-15years cooperative experience, while 37.6% of the respondents had 15-30years cooperative experience.

**Table 5: Distribution of Respondents According to Marital Status**

Variable	Frequency	Percent (%)	Cumulative (%)
Married	168	77.7	77.7
Single	37	17.1	94.8
Widow/ Widower	11	5.2	100.0
Total	216	100.0	

#### Field Survey, 2021

From table 5, 77.7% of the respondents are married. 17.1% of the respondents are single, while 5.2% of the respondents are widow/widower.

#### Regression Analysis Result

**Table 6: Regression result on determinants of entrepreneurship development among members of cooperative societies in Anambra State, Nigeria**

Model	B	Std. error	T	Sig.
Constant(C)	0.175	0.068	2.579	0.010
Financial Intermediation	0.349	0.318	4.098	0.043
Business Culture	0.456	0.278	6.639	0.040
Extension Services	0.530	0.287	3.881	0.077
Cooperative Membership	0.526	0.065	7.056	0.006
R	0.829			
R <sup>2</sup>	0.763			
Adj. R <sup>2</sup>	0.750			
F-statistic	211.301			0.000

#### Field Survey, 2021

## **Dependent Variable: Entrepreneurship Development proxied by weighted mean of growth performance of cooperative**

The regression table revealed the analysis of the four variable indicators modeled in this study and their regression coefficients, standard error, t-test statistics and the probability value of each of the individual regression coefficient. The R,  $R^2$ , adjusted  $R^2$  and F-Statistics was also included in the table.

The regression coefficients - financial intermediation, business culture, extension services and cooperative membership - represent by the heading "B" in the regression table are the variables that explains the determinants of entrepreneurship development among members of cooperative societies in Anambra State, Nigeria. In other words it explains how financial intermediation, business culture, extension services and cooperative membership have influenced entrepreneurship development among members of cooperative societies in Anambra State. The regression result tells us the nature of relationship between the regression coefficients and the dependent variable which is the entrepreneurship development among members of cooperative societies in Anambra State. From the result, all the regression coefficients have positive relationship with the entrepreneurship development among members of cooperative societies in Anambra State. Again, the table revealed that a unit increase in terms of financial intermediation will bring about 3.49% increase in the entrepreneurship development among members of cooperative societies in Anambra State. A unit increase in terms of business culture will bring about 45.6% increase in the entrepreneurship development among members of cooperative societies in Anambra State. A unit increase in terms of extension services will bring about 53.0% increase in the entrepreneurship development among members of cooperative societies in Anambra State and A unit increase in terms of cooperative membership will bring about 52.6% increase in the entrepreneurship development among members of cooperative societies in Anambra State.

In order to evaluate the determinants of entrepreneurship development among members of cooperative societies in Anambra State, Nigeria, the analysis was also done based on statistical criteria by applying the coefficient of determination ( $R^2$ ) and the F-test. In general, the joint effect of the explanatory variables-independent variables-in the model account for 0.750 or 75.0% of the variations in the sustainability of oil and gas firms in South-South, Nigeria. This implies that 75.0% of the variations in the entrepreneurship development among members of

cooperative societies in Anambra State are being accounted for or explained by the variations in financial intermediation, business culture, extension services and cooperative membership. While other independent variables not captured in the model explain just 25% of the variations in financial intermediation, business culture, extension services and cooperative membership. All the four coefficient - financial intermediation, business culture, extension services and cooperative membership - significantly influenced the entrepreneurship development among members of cooperative societies in Anambra State.

## **4. CONCLUSION AND RECOMMENDATIONS**

In the final analysis, this study has examined determinants of entrepreneurship development among members of cooperative societies in Anambra State, Nigeria. Specific the study ascertained the extent to which financial intermediation has influenced business growth among members of cooperative societies in Anambra State. Determined the extent to which business culture has influenced business growth among members of cooperative societies in Anambra State. Examined the extent to which extension services has influenced business growth among members of cooperative societies in Anambra State and ascertained the extent to which cooperative membership has influenced business growth among members of cooperative societies in Anambra State. The study used an econometric regression model on a sample of 261 respondents findings revealed that all the four coefficient - financial intermediation, business culture, extension services and cooperative membership - significantly influenced the entrepreneurship development among members of cooperative societies in Anambra State.

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intermediation, business culture, extension services and cooperative membership.

Based on the findings of this study, the following recommendations are made:

1. The government and donor agencies should use the cooperative as platform for entrepreneurship development by extending financial intermediation to cooperative members. This is because it has significant influence on business growth among members of cooperative societies in Anambra State.
2. The cooperative should imbibe business culture in their societies because it defines the corporate image and enhances the internal democracy of the society.
3. Extension agent should be encouraged by the agencies regulating cooperative to be proactive because their activities have significant influence on business growth among members of cooperative societies in Anambra State.
4. Membership of cooperative should be touted and encouraged among non-members to enable them benefit from entrepreneurial knowledge and skills (entrepreneurial behaviour, dynamics of business, and its development and expansion) via structured training programmes on the platform of cooperative.

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